

State Lottery

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2002 Total App	FY 2002 Actual	FY 2003 Approp	FY 2004 Request	FY 2004 Gov Rec
BY FUND CATEGORY					
Dedicated	10,501,300	10,497,400	10,520,100	10,696,800	10,489,300
Percent Change:		0.0%	0.2%	1.7%	(0.3%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	2,327,700	2,239,200	2,341,100	2,427,500	2,412,300
Operating Expenditures	8,019,800	7,978,000	8,011,700	8,188,300	7,996,000
Capital Outlay	153,800	280,200	167,300	81,000	81,000
Total:	10,501,300	10,497,400	10,520,100	10,696,800	10,489,300
Full-Time Positions (FTP)	47.00	47.00	47.00	47.00	47.00

Division Description

In 1988, the Legislature authorized a vote by the electorate of Idaho for a constitutional amendment repealing the constitutional ban on lotteries. The constitutional amendment passed by 51%.

The mission of the Idaho Lottery is to maximize net income and the resulting annual dividend payments for Idaho public schools and buildings.

State Lottery

Analyst: Milstead

Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2003 Original Appropriation	47.00	0	10,520,100	47.00	0	10,520,100
Removal of One-Time Expenditures	0.00	0	(113,900)	0.00	0	(113,900)
FY 2004 Base	47.00	0	10,406,200	47.00	0	10,406,200
Employee Benefit Costs	0.00	0	35,300	0.00	0	41,200
General Inflation	0.00	0	192,300	0.00	0	0
Replacement Items	0.00	0	27,600	0.00	0	27,600
Nonstandard Adjustments	0.00	0	14,300	0.00	0	14,300
Change in Employee Compensation	0.00	0	21,100	0.00	0	0
FY 2004 Program Maintenance	47.00	0	10,696,800	47.00	0	10,489,300
1. Fill Vacancy and Object Shift	0.00	0	0	0.00	0	0
FY 2004 Total	47.00	0	10,696,800	47.00	0	10,489,300
Change from Original Appropriation	0.00	0	176,700	0.00	0	(30,800)
% Change from Original Appropriation			1.7%			(0.3%)

State Lottery

Analyst: Milstead

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2003 Original Appropriation	47.00	0	10,520,100	0	10,520,100
Removal of One-Time Expenditures					
Reflects the removal of one-time expenditures.					
Agency Request	0.00	0	(113,900)	0	(113,900)
Governor's Recommendation	0.00	0	(113,900)	0	(113,900)
FY 2004 Base					
Agency Request	47.00	0	10,406,200	0	10,406,200
Governor's Recommendation	47.00	0	10,406,200	0	10,406,200
Employee Benefit Costs					
Includes the employer portion of estimated changes in employee benefit costs. Most of this increase is due to a projected 14.7% increase in health insurance costs.					
Agency Request	0.00	0	35,300	0	35,300
The Governor also recommends additional funding to be applied to the employee paid portion of health and dental insurance cost increases, in order to prevent employees from experiencing a reduction in take-home pay.					
Governor's Recommendation	0.00	0	41,200	0	41,200
General Inflation					
Includes a general inflationary increase of 2.4% in operating expenditures.					
Agency Request	0.00	0	192,300	0	192,300
The Governor recommends no increase for general inflation.					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					
Replacement capital outlay: Reflects memory upgrade for the Commission's central computer unit. This will allow the agency to replicate the primary system and in the event of a system failure a useable backup will be in place.					
Agency Request	0.00	0	27,600	0	27,600
Governor's Recommendation	0.00	0	27,600	0	27,600
Nonstandard Adjustments					
Reflects rent increases and adjustments in State Controller, Treasurer, Attorney General fees and Risk Management costs.					
Agency Request	0.00	0	14,300	0	14,300
Governor's Recommendation	0.00	0	14,300	0	14,300
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	21,100	0	21,100
The Governor does not recommend new funding for state employee pay increases. Compensation increases may be funded with agency salary savings wherever possible.					
Governor's Recommendation	0.00	0	0	0	0
FY 2004 Program Maintenance					
Agency Request	47.00	0	10,696,800	0	10,696,800
Governor's Recommendation	47.00	0	10,489,300	0	10,489,300

State Lottery

Analyst: Milstead

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
-------------------------	-----	---------	-----------	---------	-------

1. Fill Vacancy and Object Shift

This DU will allow the Commission to shift \$30,000 in operating expenditures to personnel costs and fill a vacant FTP (currently a marketing position) and change the FTP to an information systems analyst position. The Commission notes that the many issues surrounding Y2-K required it to purchase, modify and implement a new Oracle-based computer system. The new system governs inventory control, billing and collection, general ledger and financial reporting, and security oversight. System reports are web-based which provides the flexibility to download information and prepare and transmit reports quickly and efficiently. It also requires less operator supervision to run which has resulted in reduced operator involvement.

Presently, the agency is meeting its need for an Oracle-experienced systems analyst by contracting with a local information systems service provider at \$90/hour. The Commission believes it can hire a skilled systems analyst directly for \$74,500 which includes benefits. This would result in a savings of \$112,700/year. The Commission seeks to use savings generated through reduced systems operator use to partially fund the position. The remaining \$30,000 for the position funding would come from a shift from operating to personnel. The net FTP and appropriation change would be zero.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

FY 2004 Total					
Agency Request	47.00	0	10,696,800	0	10,696,800
Governor's Recommendation	47.00	0	10,489,300	0	10,489,300

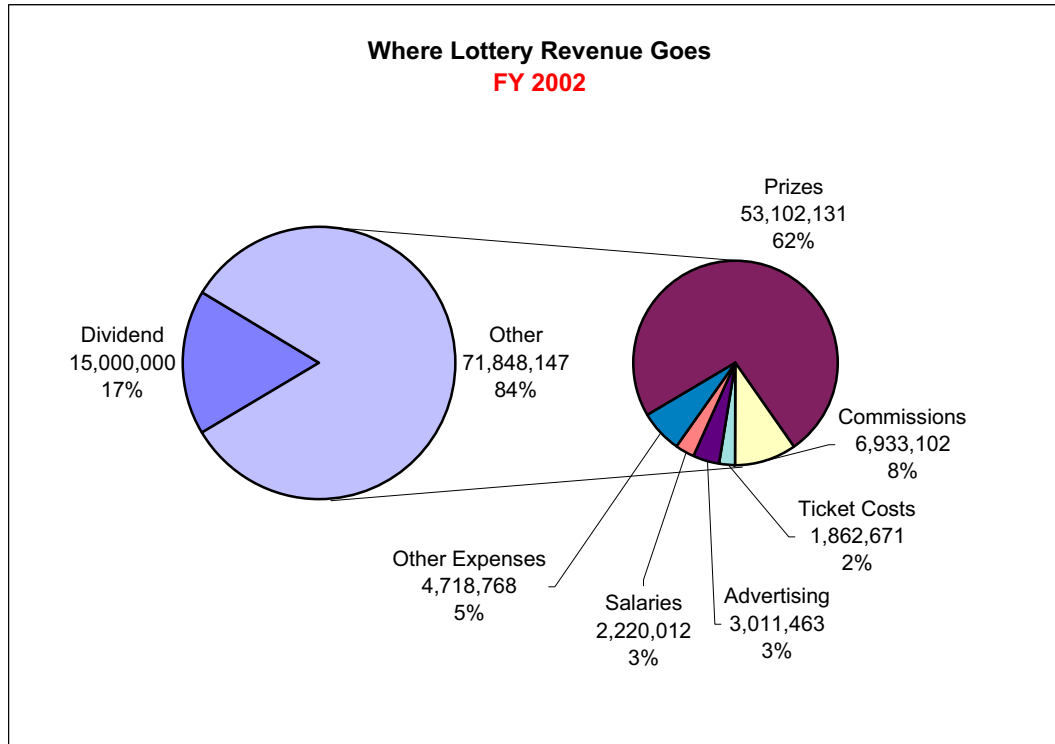
Agency Request					
Change from Original App	0.00	0	176,700	0	176,700
% Change from Original App	0.0%		1.7%		1.7%
Governor's Recommendation					
Change from Original App	0.00	0	(30,800)	0	(30,800)
% Change from Original App	0.0%		(0.3%)		(0.3%)

Statutory Requirements

Prize payout shall be no less than 45% of lottery revenues.

Administrative costs shall not exceed 15% of lottery revenue during any fiscal year.

Advertising & promotional costs shall not exceed 3.5% of lottery revenue during any fiscal year.



Annual Dividends Paid to the Permanent Building Fund and Public Schools by Lottery Since its Inception

FY	Revenues	Dividend	Schools	Building Fund
1990	66,267,849	17,225,000	8,612,500	8,612,500
1991	51,486,306	17,225,000	8,612,500	8,612,500
1992	51,979,833	12,000,000	6,000,000	6,000,000
1993	57,151,555	14,000,000	7,000,000	7,000,000
1994	72,515,013	18,000,000	9,000,000	9,000,000
1995	88,443,288	18,500,000	9,250,000	9,250,000
1996	91,664,011	19,000,000	9,500,000	9,500,000
1997	87,646,154	20,000,000	10,000,000	10,000,000
1998	90,177,091	19,500,000	9,750,000	9,750,000
1999	91,007,996	20,500,000	10,250,000	10,250,000
2000	87,118,459	20,600,000	10,300,000	10,300,000
2001	86,061,554	18,000,000	9,000,000	9,000,000
2002	92,671,287	15,000,000	7,500,000	7,500,000
	1,014,190,396	229,550,000	114,775,000	114,775,000